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Foreign Trade of Central Asian Independent States:  
What is the main trend-  
Globalization and Regionalization or Re-integration?

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## **Foreign Trade of Central Asian Independent States:**

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### **Abstract**

Assessing the most recent data on the foreign trade of the Central Asian states and evaluating its main trends after their independence, the author argues that despite of lack of solid framework the tendency for globalization and regionalization has been stronger compared to restoration of traditional ties. Elimination of existing institutional, infrastructural and other impediments, as well as proper multilateral regional initiatives could serve for further increase of trade within the region and beyond it both with neighboring countries and the rest of the world. Diversification and optimal combination of different directions of trade tailored according to specific circumstances of each country will serve the best for its development needs.

### **Introduction**

The breakup of the former Soviet Union (FSU) in 1991, with subsequent political and economic independence of all member republics, opened completely new possibilities for regional cooperation and integration of the fifteen new nations into the world economy. The system of foreign economic relations, which for about seven decades had been the monopoly of the center, with practically no power given to the union republics, was demolished together with the state itself.

Immediately after disruption of the FSU, the Central Asian republics-- like all newly independent states (NIS)-- urgently faced the necessity to form a new system for foreign trade. Having almost no experience in dealing with these activities, they had to build it from scratch. Since 1991, crucial developments have occurred in the field of foreign trade in all Central Asian republics both in its organization and geographic structure.

**A majority of them are moving steadily from the administrative-command arrangements inherited from the former centrally planned system towards greater liberalization**

of foreign economic relations. The speed and forms of foreign trade reforms, and ability to conduct them, however, is different in all five republics, reflecting the disparity in their general approaches to systemic transformation, as well as initial conditions and economic potentials. Geography of foreign economic relations has been changing dramatically in all of them. There was obvious shift from traditional markets towards more diversified global markets [see, Islamov (1998, pp. 143-171)].

On the other hand, this process had regional dimension, and some solutions for the emerging new problems were searched in the regional context. There were attempts to foster regional cooperation in different areas within Central Asia and beyond it with other neighboring countries. To evaluate these initiatives is necessary to observe the specific conditions for the process in the Central Asian region as well as to consider experience of other groups of countries. Despite the difficulties in developing adequate theories, the literature on regional integration is important for the ideas that could stimulate further study of the processes to apply to the countries under consideration. The literature on integration (D. Mitrany, E. Haas, L. Lindberg, J. Caproso, A. Pelowski, B. Balassa and others) provided important insights on the nature of possible step by step involvement of different functional areas into regional cooperation (e.g., infrastructure development could be one of functional focus to start with). In addition to it, regional cooperation depending on multidimensional preconditions could be assessed from institutional viewpoint whether different agreements (e.g., on free trade area, customs union, common market, economic union) promoting further trade and real integration.

A few available publications on the economic relations of Central Asian states with each other are based mainly on statistics of 1995 utmost 1996, and rather sceptical about prospects for regional integration [e.g., see Rumer/Zhukov (1998, pp. 142-153)], consider the potential for growth in mutual trade as limited [ Shvydko (1998, pp.10-11)] and see better possibilities for Russo-Central Asian economic relations, because of “rigidity in production goods transaction” [Iwasaki (1999, p.3)]. These ideas are well substantiated and have a good ground to stick to.

However, the author of the paper attempts to develop here another view on the situation. For that, the foreign trade of the Central Asian states after their independence is examined on the basis of the most recent data to evaluate nearest prospects for further globalization and regionalization versus restoration of traditional ties. The first section is devoted to the analysis of the peculiarities of trade patterns and specific attempts of the Central Asian States not only to overcome the collapse in their trade after disruption of the FSU, but also to diversify it. The second section deals with research of regional cooperation within Central Asia, as well as within the framework of such institutions, as Economic Cooperation Organization and some others. The third section is about regional cooperation on the transit transportation issues. All this is concluded with preliminary assessment of the main trend in the trade of Central Asian states and existing impediments for its growth.

## **I. Trade Patterns in Central Asia.**

There are two distinct stages in the development of regional cooperation and trade of the states of the FSU since their independence. First stage, 1991-1993, was mainly connected with adjustments of the shocks of sudden disintegration of the FSU. And second stage, since 1994, saw various attempts to introduce new trade policies to restore reasonable trade relations within the Commonwealth of Independent States (CIS) and to establish alternative frameworks for regional cooperation, as well as to enlarge ties with developed and newly industrialized countries.

Foreign trade has been playing important role in all Central Asian countries within this period. The high ratios of exports and imports to GDP witnesses about rather strong dependency of their economies on external trade (see Table 1).

The initiatives to restructure the foreign economic relations were undertaken in all directions. First, attempts of reorganization of the relationships within the CIS on a new economic and institutional basis. Secondly, the formation of the Community of the Central Asian states. Thirdly, the regional economic cooperation with other foreign states (e.g., the

ECO). And lastly but not leastly, the encouragement of the Western companies as for trade and investment.

Table 1. Ratio of Central Asian States' Exports and Imports to their GDP (%)

States	Kazakhstan		Kyrgyzstan		Tajikistan		Turkmenistan		Uzbekistan	
	Exp./	Imp./	Exp./	Imp./	Exp./	Imp./	Exp./	Imp./	Exp./	Imp./
	GDP	GDP	GDP	GDP	GDP	GDP	GDP	GDP	GDP	GDP
1994	36.8	47.5	33.8	40.1	60.8	67.7	87.5	70.8	16.8	20.6
1995	40.7	45.0	29.5	42.3	...	...	87.5	66.7	31.6	28.7
1996	35.3	36.2	28.9	50.6	72.9	62.4	89.5	83.3	32.6	33.0
1997	28.3	19.0	33.6	39.4	67.8	68.2	14.7	24.1	27.0	27.5

Source: *Sodrujestvo Nezavisimyykh Gosudartv (SNG) v 1996 godu*, Statisticheskii Ejegodnik, Mejosudarstvennyi Komitet SNG, Moscow, 1997, pp. 66—67; *Sodrujestvo Nezavisimyykh Gosudartv (SNG) v 1997 godu*, Statisticheskii Ejegodnik, Mejosudarstvennyi Komitet CNG, Moscow, 1998, pp. 66—67; EIU, 1999, I Quarter, *Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan*, p .5

### 1.1. Shocks of Desintegration of the FSU and Trade within the CIS.

The disruption of the FSU followed by the strong GDP decline, hyperinflation, and collapse of freight traffic volumes intertwined with the huge shocks of disintegration of a single national economic entity. Before independence, the republics of the FSU had much more trade with each other than with outside countries. Interdependence of former Soviet republics was significantly higher in comparison not only with Council for Mutual Economic Assistance (CMEA) countries, but all other integrated groups of states, including European Union (EU).

The share of mutual trade of the republics of the FSU in their total GDP was 1.5 times more than within European Community at that time. But share of the trade with outside

FSU was almost 3 times less than share of trade EU members and third countries in their GDP. In addition, trade was highly concentrated, with some commodities produced by a single or very few producers. One third of the value of goods of the FSU were produced on single sites, resulting in strong dependence of all republics' economies on the monopolist enterprises. [see, Islamov (1991, pp. 31, 46)].

In the FSU, at 60.6% of total trade, even Russia, the largest country in the CIS, was highly dependent on the trade with the other republics; for others such trade amounted from 82.1% to 92.5% of the total in 1990. While for the CMEA from 21% to 53.4% and the EU from 41.2% to 64.9% [Mchalopoulos/Tarr (1994, p.15)].

All these factors together created extremely vulnerable situation under which even smaller shocks could have ignited chain reaction of economic, financial and trade crises worse than situation in the world market during oil crisis in 1970s. This actually happened in 1991, when disintegration of the FSU led to a vicious circle between outputs and trade declines. As a result of disruption of the FSU, within a short period of time, the share of mutual trade decreased from unreasonably high as 21% (at the beginning of 1990s) to as low as 6% of their total GDP in 1996. Attempts taken by all NIS to increase their trade with outside CIS countries, and certain increase of the share of their trade with third countries, however, could not offset the decline in their mutual trade tangibly.

For Central Asian republics, trade was always important to their economies consisting rather high percentage in their GDP, as of 1990 it was in Uzbekistan-28.5%, Kazakhstan-23.5, Kyrgyzstan-32.3, Tajikistan-35.9, Turkmenistan-35.6%. They were characterized by both a high degree of product specialization and extremely high dependence on trade with other states of the FSU. Respective shares in 1990, were as follows: Uzbekistan-89.4, Kazakhstan-88.7, Kyrgyzstan-85.7, Tajikistan-86.5, Turkmenistan-92.5%. They had also suffered much more than others from distortions of price and finance transfers.

Therefore, under these circumstances at the beginning of their independent development, they have been affected by external shocks to much greater extent. All existing estimates had witnessed a sharp drop of interstate trade, which became by the 1993 as little as

one third of the total. It meant that in a few years its share decreased for about 3 times in the Central Asian NIS (compared to 2 times in Russia) [Mchalopoulos/Tarr (1994, p.3)]. This huge decline in the interstate trade between 1990 and 1993 which was typical to all NIS was mainly caused by output decline that reduced demand for all imports. But because of the extensive inter-linkages in production, the trade decline also worsened the output decline. Disruption of administrative command system and state monopoly of trade, without emergence new market-based mechanisms for allocation resources, created additional factors contributed to aggravation of the situation. First of all, it was outstanding non-payment problems. Second, there were worsening of terms of trade (only Turkmenistan together with Russia was a gainer at the beginning). Third, greater export controls and state interventions through the network of massive inter-governmental barter agreements (including three types of exchanges based on obligatory, indicative, enterprise to enterprise lists). Fourth, shift of exportable commodities, whenever it was possible, to the rest of the world.

Thus, all these factors, and above of all decline in output and in the supply of exportable goods, the imposition of export controls, and breakdown in the payments system became largely responsible for the contraction at interstate trade flows in 1991-1993.

Since 1994, the total foreign trade in value terms has been increasing in all republics of Central Asia, apart of Turkmenistan (see Table 2).

Table 2. Total Foreign Trade of Central Asian States 1994-1997 (mln. US \$)

<i>States</i>	<i>Kazakhstan</i>		<i>Kyrgyzstan</i>		<i>Tajikistan</i>		<i>Turkmenistan</i>		<i>Uzbekistan</i>	
	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
1994	3231	3561	340	317	492	547	2145	1468	2549	2609
1995	4974	3781	407	522	749	810	1881	1364	2821	2748
1996	6230	4261	506	838	770	668	1693	1314	4211*	4712*
1997	6366	4275	604	710	746	750	751	1228	...	...

\* - estimate

Source: *Sodrujestvo Nezavisimyykh Gosudartv (SNG) v 1996 godu*, Statisticheskii Ejegodnik, Mejosudarstvenniy Komitet SNG, Moscow, 1997, pp. 67-68; *Sodrujestvo Nezavisimyykh Gosudartv (SNG) v 1997 godu*, Statisticheskii Ejegodnik, Mejosudarstvenniy Komitet SNG, Moscow, 1998, pp. 67-68

However, the increase of exports and imports was connected mainly with rise of prices, especially, in the countries with bigger share of trade within CIS (Kazakhstan - with 70%, Kyrgyzstan - 58% and Tajikistan - 57%). Only in 1995, average export price for 1 ton of grain exported from Kazakhstan increased- for 3 times; cotton fiber, exported from Central Asia- for 1.3 times; as well raw oil imported from Russia- for 1.3 times. Therefore, the growth of trade in value terms was accompanied with further substantial decrease of physical volumes of commodities exchange within CIS. In 1995, for example, exports of black coal from Kazakhstan to other CIS dropped by 41%, cotton fiber from Uzbekistan by 50%.

Table 3. Share of CIS (Russia) in Central Asian States' Foreign Trade, 1994-1997 (%)

States	Kazakhstan		Kyrgyzstan		Tajikistan		Turkmenistan		Uzbekistan	
	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
<b>CIS/Total</b>										
1994	58.0	61.1	65.5	66.1	18.8	42.6	77.0	46.7	62.1	53.8
1995	52.9	69.0	65.8	67.7	33.6	59.0	49.4	54.6	39.3	40.7
1996	55.7	69.6	77.8	58.1	43.0	57.3	67.5	29.6	21.1	32.2
1997	45.0	54.0	53.0	61.0	37.0	64.0	60.0	57.0	...	...
<b>Russia</b>										
1994	44.5	36.3	17.2	21.9	30.0	15.2	13.2	10.5	26.7	28.4
1995	42.3	45.0	25.6	21.9	34.1	31.0	6.8	7.0	19.5	26.2
1996	44.3	55.0	26.6	20.8	28.3	29.8	10.6	11.8	11.6	18.8
1997	33.9	46.0	16.4	26.9	8.5	15.3	7.5	13.4	...	...



Source: *Sodrujestvo Nezavisimyykh Gosudartv (SNG) v 1996 godu*, Statisticheskiy Ejegodnik, Mejgosudarstvenniy Komitet SNG, Moscow, 1997, pp. 67-68; *Sodrujestvo Nezavisimyykh Gosudartv (SNG) v 1997 godu*, Statisticheskiy Ejegodnik, Mejgosudarstvenniy Komitet SNG, Moscow, 1998, pp. 67-68

In a whole, within the period 1994-1997, the share of intra-CIS trade has been continuously decreasing in all Central Asian countries (apart of Tajikistan). In Uzbekistan, its share has dropped both in relative and absolute terms.

The maintaining a certain level of cooperation with the CIS was important for the Central Asian States to reduce the damage of fast desintegration to their economy, as well as to have access to a larger market and the possibility of a diversified production and trade. Therefore, all Central Asian States, though to different extent, wanted to keep their trade within the CIS. However, the attempts to institutionalize favorable foreign trade environment within the CIS had been so far unsuccessful. The formation of a customs union between Russia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan gave some minor increase of trade between its participants at the beginning in 1995-1996.

Some increase in Central Asian trade with Russia was observed mainly in import side (except Uzbekistan), but exports in all of them, even in Kazakhstan, decreased substantially (Table 3). But in 1997 and particularly since August 17, 1998, according to preliminary data it had bigger setbacks under the direct impact of the financial crisis in Russia and its consequences.

## **1.2. Trade with Countries outside CIS.**

In the trade with the countries outside of CIS (the rest of the world, or previously referred to as "foreign trade"), a decline in the trade of the Central Asian states was observed in 1991-1992, just during and first year after the breakup of the FSU. It was mainly due to tangible decrease in their imports. For example, imports from the third countries to Kyrgyzstan declined in one year for more than ten times from \$ 785 mln. in 1991 to \$ 71 mln. in 1992. This is the largest contraction in the former USSR, and could be mainly explained

with the limitation of this country's exports and necessity to balance foreign trade within the republic.

The other republics (Uzbekistan, Kazakhstan) managed to cover their imports by the revenues from their exports having less decline of imports, f. e., in Kazakhstan from \$2,546 mln. to \$ 961 and Uzbekistan from \$ 2,048 to \$ 929 mln. within this period. Main exports from Uzbekistan and Turkmenistan (especially cotton) were more easily redirected from intra USSR market to the rest of the world and they were the only countries in CIS, who achieved increase in their exports to this market as early as in 1993. In 1993, Kazakhstan, Turkmenistan, and Uzbekistan (despite the fact that exports data for the latter is incomplete, because it does not include gold, second largest item of exports, after cotton fiber) had positive and Kyrgyzstan equilibrium trade balances. As for, Tajikistan, because of civil unrest and natural calamities the negative balance worsened in 1993 in comparisons with 1991. But even in these Central Asian states foreign trade decline was less in relative terms than in the FSU as a whole.

Since 1994, all Central Asian republics, apart from Tajikistan, have managed to improve drastically their trade with the rest of the world. The share of this group of countries in the trade of Central Asian states has been dynamically growing both in exports and imports, the most notably in Uzbekistan (about 80% and 70% respectively). The geographic distribution of trade with the rest of the world has also changed significantly, shifting from the former CMEA to EU, East Asia, North America, Near and Middle East (see Table 4).

The main partners of Central Asian states in 1996, outside CIS, were, first, European countries (Germany, UK, Switzerland, the Netherlands, Italy), followed by the states of North-East Asia (China, South Korea, Japan) and North America (the USA and Canada). Among other countries Turkey was the most active, especially in Turkish-speaking Central Asian states (Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan). The share of partners from these countries has become rather tangible in the total trade. The trade turnover of some of them was lacking behind only Russia. In the case of Uzbekistan this gap was minimal, with the volumes of its export to Switzerland and South Korea, and the import from Germany and

Turkey, bigger than its exports to and imports from Russia respectively in 1996 (see Appendix).

Table 4. Share of Rest of the World in Central Asian States' Foreign Trade, 1996 (%)

<i>Countries</i>	<i>Kazakhstan</i>		<i>Kyrgyzstan</i>		<i>Tajikistan</i>		<i>Turkmenistan</i>		<i>Uzbekistan</i>	
	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
<b>Total</b>	44.3	30.4	22.2	41.9	57.0	42.7	32.5	70.4	78.9	67.8
<b>EU-15</b>	18.4	13.0	3.9	11.5	34.5	16.1	6.0	11.0	19.7	19.7
<b>East Asia*</b>	13.1	3.6	7.4	3.1	4.1	1.5	6.3	3.8	9.3	9.6
<b>USA</b>	1.0	1.6	3.5	4.3	1.4	1.1	2.6	30.1	6.3	9.2
<b>CEEC**</b>	4.5	4.2	2.5	2.0	4.3	2.1	1.0	3.0	2.3	3.9
<b>N.M.</b>	1.4	0.9	1.4	0.7	0.3	2.6	2.3	4.9	0.9	6.0
<b>East***</b>										
<b>Other</b>	5.8	7.1	3.4	20.2	12.5	19.3	14.4	17.6	40.4	19.4

\* includes Japan, China, nine Asian newly industrialized states; \*\*Central and East European countries; \*\*\*Near and Middle East

Source: *Sodrujestvo Nezavisimyykh Gosudarstv (SNG) v 1996 godu*, Statisticheskii Ejegodnik, Mejgosudarstvennyi Komitet SNG, Moscow, 1997, pp. 67-68;

As for commodity structure, shares of mineral resources and agricultural raw material-based products were predominant in Central Asian republics' exports. The main exports were grain, oil and oil products, ferrous and non-ferrous metals, coal in Kazakhstan; gold, tobacco and cotton fiber - in Kyrgyzstan; aluminum, cotton fiber, tobacco- in Tajikistan; natural gas and cotton fibre- in Turkmenistan, cotton fiber, gold, natural gas, copper - in Uzbekistan. (This became typical throughout CIS, for example, oil, oil products and natural gas in the export of Russia). Their imports consisted mainly of: food products and consumer goods, oil products (in Kyrgyzstan and Tajikistan plus oil and gas). The structure of imports in Uzbekistan has been changing progressively in favor of machinery and equipment with

diminishing shares of grain and oil products in recent years. In 1996, Kazakhstan, Uzbekistan, and Tajikistan had positive trade balance with countries outside CIS and Kazakhstan, Tajikistan, Turkmenistan within CIS. Kyrgyzstan had deficit in its trade both with CIS and outside countries.

### 1.3. Mutual trade of the Central Asian states

The Central Asian (Kyrgyzstan, Tajikistan, Uzbekistan, Kazakhstan and to certain extent Turkmenistan) states' share of mutual trade has increased compared to their shares in the trade with Russia, Ukraine and other FSU countries.

Table 5. Share of Intra-Central Asian States' Total Foreign Trade, 1994-1997 (%)

<i>Countries</i>	<i>Kazakhstan</i>		<i>Kyrgyzstan</i>		<i>Tajikistan</i>		<i>Turkmenist.</i>		<i>Uzbekistan</i>	
	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
<b>Kazakhstan</b>										
1994	-	-	28.0	18.4	2.1	6.0	13.2	2.9	12.3	5.9
1995			16.3	21.5	0.9	3.3	6.8	2.3	5.5	6.3
1996			22.3	16.7	3.2	7.8	10.6	1.7	3.5	3.5
1997			14.0	10.0	1.3	5.6	7.4	7.1	...	...
<b>Kyrgyzstan</b>										
1994	1.9	2.9	-	-	0.4	0.2	0.6	1.2	2.3	12.3
1995	1.5	0.8			0.4	0.3	0.4	0.3	2.4	1.6
1996	1.8	1.0			1.4	1.1	0.0	0.1	2.3	3.3
1997	1.0	1.3			12.1	0.7	1.8	0.2	...	...
<b>Tajikistan</b>										
1994	0.3	0.5	0.9	0.3	-	-	0.7	1.6	11.0	1.0
1995	0.8	0.3	2.0	0.9			0.3	0.1	8.1	1.2
1996	1.0	0.4	1.6	0.8			6.6	0.2	1.6	2.0
1997	0.9	0.1	2.1	1.4			3.9	0.7	...	...

<b>Turkmenist.</b>										
1994	0.8	7.8	2.1	3.3	0.3	7.2	-	-	3.0	3.8
1995	1.0	6.4	0.5	3.6	0.3	7.1			0.9	1.2
1996	0.6	4.1	0.6	1.6	1.1	3.9			0.1	0.1
1997	0.8	0.8	0.4	2.2	1.4	3.9			...	...
<b>Uzbekistan</b>										
1994	3.6	7.8	12.8	20.1	4.6	15.2	6.7	1.3	-	-
1995	3.2	7.1	17.1	17.0	17.6	31.0	1.1	2.1		
1996	3.3	2.1	22.9	15.7	24.8	29.8	0.2	0.4		
1997	2.3	1.5	16.7	1.8	23.1	3.5	0.7	7.2		
<b>CAU/Total*</b>										
1994	5.8	11.2	41.7	38.8	7.1	21.4	-	-	25.3	19.7
1995	5.5	8.2	18.8	39.4	18.9	34.6			16.0	9.1
1996	6.1	3.5	45.8	33.2	29.4	38.7			7.4	8.8
1997	4.2	2.9	20.2	29.2	27.0	45.0			13.8	15.2

\* includes Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan (the latter since 1996-1997 had the status of the observer and on the 26 March 1998 has become a full member).

Source: *Sodrujestvo Nezavisimyykh Gosudartv (SNG) v 1996 godu*, Statisticheskiy Ejegodnik, Mejsudarstvenniy Komitet SNG, Moscow, 1997, pp. 67-68; *Sodrujestvo Nezavisimyykh Gosudartv (SNG) v 1997 godu*, Statisticheskiy Ejegodnik, Mejsudarstvenniy Komitet SNG, Moscow, 1998, pp.67-68

Within this group itself there were some adjustments in the distribution of trade, with increased role of Uzbekistan and Kazakhstan. For Kyrgyzstan and Tajikistan the largest increase occurred in their trade with Uzbekistan and Kazakhstan. For them trade within the region, especially within Central Asian Union, has become the most important even compared to their total foreign trade (see Table 5).

Turkmenistan signed agreements on the economic and commercial cooperation with Kazakhstan, Uzbekistan and other Central Asian states. It has been slowly increasing the share of bilateral trade with countries in the region.

It is worth noting, that the mutual trade of the Central Asian states has become more important to all of them, and particularly to Tajikistan and Kyrgyzstan. In 1996, the main partners within CIS, apart of Russia, for Kyrgyzstan were: Kazakhstan (28.6% and 28.7%), Uzbekistan (29.5% and 27.0%). Uzbekistan became trade partner No1 in the trade of Tajikistan, having 57.6% of its exports and 52.% of its imports, i.e. more than Russia, Kazakhstan (7.3% and 13.7%) and all other its partners together. Trade between bigger countries of the Central Asia also increased, though asymmetrical (in the trade balance of Uzbekistan: Kazakhstan's share in its exports was 20.5% and 15.5% in its imports, while Uzbekistan's share in the exports of Kazakhstan was 5.9%, and 3% in its imports). Although Turkmenistan's largest trade partner still was Ukraine, with the share 61.3% in its exports and 32.8% in its imports, (much bigger as for its exports to, and comparable as for its imports from Russia), Kazakhstan (with 15.8% of its exports and 5.7% of its imports) was also among its prominent trade partners. Thus, within CIS' trade one can observe that mutual trade of Central Asian countries has been increasing its share, especially in the smaller economies of the region.

## **II. New Regional Arrangements**

### **2.1 Central Asian Union (CAU)**

In January 1994, the Kazakh, Uzbek and Kyrgyz presidents signed an agreement on the creation of a customs union in order to accelerate the regional cooperation. Its provisions considered free movements of goods, capital and labor and collaboration between the budget, monetary and taxation policies. From its inception, the union was intended for closer economic integration within the CAU. During the Almaty Summit in February 1995, the leaders of the CAU's member States approved the principles of free trade between these related countries. Over the past four years, it has developed supra-national coordinating

structures - including an Executive Committee of Heads of State and Government and a Council of Foreign Ministers - that are somewhat more effective than its CIS equivalents. The leaderships of the three member states reportedly coordinate their positions on the regional issues. Moreover, the union has created a Central Asian Bank for Cooperation and Development. In December 1997, the Kazakh, Kyrgyz and Uzbek presidents met in the new Kazakh capital, Akmola, and signed a protocol establishing three international consortia for energy and water resources, food production, and minerals and raw materials. At the same time, they expressed dissatisfaction that trade between their countries is down on 1996 levels. At the meeting in Tashkent the Uzbekistan's capital on 26 March 1998, the presidents of the four countries also agreed to form an international hydroelectric consortium and reached accord on common principles for creating a security's market. At the same meeting Tajikistan has been accepted as a member of the Central Asian Customs Union. The Uzbek President said Tajikistan's entry into the union would make it eligible for a "concrete assistance" from the other three members.

The idea of the formation of the Community of the Central Asian States was not new. The creation of larger Turkestan as a political unit was prevented by the 1924 delimitation. Speculations on possibility of the formation of such a community accelerated after independence and various statement by the Central Asian leaders about "common routes," "common house" and etc. But the reality appears completely different, because the political approaches and the economic reforms of each Central Asian State are rather different. Kyrgyzstan and Kazakhstan try to adopt more liberal reforms, while Uzbekistan pursue the strategy of state-led transformation.

The simultaneous membership of Kazakhstan, Kyrgyzstan and Tajikistan in the customs union with Russia and Belarus, and Russia's observer status within the Central Asian Union, granted in 1997 created another possibility for trade diversion, rather than conversion within the region.

**In 1997-1998, there were setbacks in the regional cooperation in Central Asia as a result of external (financial crisis in East Asia and Russia) and domestic policies. In 1998, Kyrgyzstan**

became a member of the WTO. Both Kazakhstan and Uzbekistan were forced to introduce tariff barriers to protect their infant industries against re-exported commodities, especially consumer goods, from Kyrgyzstan. Under a decree issued by the office of the Prime Minister of Kazakhstan, as of 1 October 1999 all imported goods must bear labels in both Kazakh and Russian detailing their country of origin, date of manufacture and expiry date. The move is seen as a further attempt to protect domestic manufacturers from an influx of cheap foreign goods following the April 1999 devaluation of the tenge (national currency of Kazakhstan).

In summer 1998, in Cholpon-ata (Kyrgyzstan), it was proposed to rename the CAU as Central Asian community. The real problem though not the title, but political will to find the appropriate ways to enhance regional cooperation to the mutual advantage of participating states. Step by step enlargement and deepening of cooperation towards more mature forms of regional integration not only possible, but also necessary to use more efficiently existing infrastructures, human and natural resources.

Better coordination of efforts is the main condition for larger regional cooperation within different groupings not only in the CIS but Economic Cooperation Organization (ECO), Organization of the Caspian Sea (CASCO) and GUUAM (Georgia-Ukraine-Uzbekistan-Azerbaijan-Moldova).

## **2.2. ECO, CASCO, GUUAM as Framework for Extended Regional Cooperation**

The ECO was formerly a small trilateral organization, which has become a large regional organization with ten members. Iran, Pakistan, and Turkey formed the Regional Cooperation for Development (R.C.D) in 1967, which became the Economic Cooperation Organization (E.C.O) in 1985. And in 1992 Azerbaijan, Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan, Kazakhstan and Afghanistan became members of the ECO. Since its expansion in 1992 with six newly independent states included, the ECO attracted interest as a large regional organization and as additional prospect for regional cooperation for Central Asian states. The enlarged body contains 325 million people spread over almost eight million



square kilometers. The ECO provides a forum for discussion of regional disputes and for peaceful cooperation between the original members and the newly independent member countries.

As an important instrument for promoting regional cooperation, trade remains a priority in the ECO's work scheme. The low quantum of intra-regional trade shows the existence of a big potential for diverting trade from non-regional sources to regional ones. The promotion of mutual trade helps evolve complementarities in the member-states' economies paving the way for the pooling of resources to establish infra-structural links and industrial projects. Accordingly, the protocol of Preferential Tariff Arrangements involving a 10% reduction has already been signed and is being implemented as a first step towards the eventual elimination of trade- barriers in the region.

At present, the ECO countries' trade with one another is limited. In 1993, 2% of Turkey's exports went to Iran and 5 % of Turkey's imports came from Iran; and this is the largest intra-ECO bilateral trade flow. In 1992-93, a tenth of Iran's export went to Turkey; 1.8%, to Azerbaijan; 1.2 % to Pakistan, 1.1 % to Turkmenistan, while on the import side, Azerbaijan (2.9 %), Pakistan (1.1 %) and Turkey (0.5 %) were Iran's only significant suppliers from within ECO. Less than 1 % of Pakistan's 1993 exports went to Turkey. In 1993, Kazakhstan sent 4.2 % of her exports to Turkey, 0.4 % to Iran, 0.3 % to Pakistan and 0.2 % to Afghanistan [ see Buyukakinchi (1998, p.13)].

The 1992 enlargement of ECO was viewed by its supporters as an opportunity to change the trade patterns established by the former Soviet Union. Indeed, this began to happen immediately after some of the Soviet republics achieved independence, and trade expanded especially between the newly independent states and Turkey and Iran. This trade was primarily conducted by individual merchants selling consumer goods previously unavailable or of poor quality within the Soviet Union. Such small-scale border trade can be expected to continue its rapid growth from a low base.

The long-term growth prospect for such trade is, however, limited. The three original ECO members are not the leading global suppliers of consumer goods. Many of the Iranian

goods on sale in Ashkhabad are Western consumer goods produced under license in Iran. As the markets expand, it is probable that they will be supplied directly by the principals. In standardized low-cost lines, the ECO partners are likely to have difficulty competing with East Asian countries, especially China, in the Central Asian markets.

The prospects for intra-regional trade on the basis of the ECO members' current export bundles are limited. Turkey has the most diversified export, and could exchange manufactured goods for primary products from other ECO members. Some member countries hope that a larger internal market could encourage new activities within the ECO. Preferential tariff reductions face the problem of overlapping regional organizations. In January 1996, Turkey formed a customs union with the European Union, which limits its ability to change tariff rates. Pakistan is a member of the South-Asian Association for Regional Cooperation, although that regional organization has a little impact on its trade policies.

It is interesting to see within the ECO, which accommodates the Central Asian States, whose political and economic systems are completely different from one another. In this context, it is doubtful if the ECO will be able to create a general harmony at the regional level, since even the principal member states are in competition from their own points of view. In addition, it is clear that the policies of Turkey, Iran and Pakistan towards the Central Asian republics of the former USSR develop unilaterally and there is no cooperation between these three States.

**Organization of the Caspian Sea States.** The similar type of collaboration which includes the competition in its heart undoubtedly expresses within the Organization of the Caspian Sea States (CASCO), formed in February 1992 for the development of the conditions of cooperation between the littoral countries of the Caspian Sea (Russia, Iran, Azerbaijan, Kazakhstan and Turkmenistan).

The CASCO became a certain framework for the negotiations on transport, environment, natural resources in the Caspian Sea. Iran opened its ports for the use of the other littoral countries, which undoubtedly creates significant advantages for the development

of the commercial capacities of this country. During the meeting of the CASCO in October 1994, Russia suggested that the formation of a multilateral coordinating committee charged to define the questions of exploitation of the natural resources of the Caspian Sea.

The Caspian Sea basin, particularly its energy reserves, is the focus of a huge debate between the countries surrounding it, inheritors of the former Soviet Union's territory and infrastructure embracing the Caspian. The long-term goals of all Caspian Sea countries are very similar: to develop the infrastructure and transport capabilities of the region in order to produce large amounts of oil and natural gas for sale in the world market. All the littoral States control or have the rights to control the energy resource reserves in this region. Since a considerable amount of oil is concentrated in the Caspian Sea region, it is vitally important that the legal definition of this sea itself be clear. So far, there has been important disagreement over ownership and control of the Caspian Sea's jurisdiction and economic zones.

The official position of the Russian Federation is that the Caspian Sea should be considered a closed lake and the legal norms relating to exclusive economic zones of the coastal countries, drawn up by the 1982 UN Convention on Maritime Laws, are not applicable to the States bordering the Caspian. According to the treaties on the status of the Caspian Sea, signed between Russia and Iran in 1921 and 1940, the States have sovereign rights over the water up to 12 miles away from their coast. The Russian view on the Caspian holds that the rest of the Caspian Sea must become a free zone where each littoral-State has equal rights in developing oil reserves.

In addition, Russia stresses that the international law cannot be applied to the Caspian Sea and that the littoral countries did not conclude any agreement on the application from such standards to this sea. After the disappearance of the USSR, new independent States were born on the edges of the Caspian Sea. But, in the Alma-Ata Declaration in December 21, 1991, the CIS Member States guaranteed the respect of international engagements taken by the former Soviet Union, which included the succession of the 1921 and 1940 treaties on the status of the Caspian Sea.

In this context, two solutions are possible. The delimitation of the sea between the littoral States which obtain the liberty of action in their own zone or the development of cooperation on the basis of existing legal status, for the development of its resources, in order to consider fairly the rights and interests of all the littoral-States.

The struggle over energy resources occurs in the broader context of foreign states' efforts to influence Central Asia's economic and political global integration. A complex multisided international rivalry has developed to influence and control the destiny of Central Asia and Caucasus, their resources and trade, especially Azerbaijan's, Kazakhstan's and Turkmenistan's oil and gas. The main players are Russia, the United States, Turkey, Iran, China, and oil companies.

**GUUAM (Georgia-Ukraine-Uzbekistan-Azerbaijan-Moldova).** In addition to ECO and CASCO initiatives new developments has recently occurred. On April 24, 1999, Uzbekistan formally became the fifth member of the Georgia-Ukraine-Azerbaijan-Moldova alignment. The grouping will now be known as GUUAM. The presidents of the five countries issued a joint statement affirming their support for one another's territorial integrity. They also backed both regional cooperation, including the creation of regional transport corridors. It was stressed that their cooperation is not aimed against third countries or groups of countries. GUUAM does not intend to supplant the CIS, nor do any of its five members intend to leave the commonwealth.

GUUAM has been initially drafted as an instrument of restoring an ancient trade route between Asia and Europe as an alternative to the one running through Russia. And this aspect remains important not only to promote regional cooperation between Central Asia and Transcaucasia, but also to enlarge the opportunities for respective newly independent states' integration to the world economy.

In April 1999, a new 516-mile (830 km) oil pipeline linking Azerbaijan's capital of Baku with Georgia's Black Sea port of Supsa which has a capacity to carry 5mln. tonnes of oil a year was opened. The \$560 million pipeline is intended to diversify transport routes for Caspian Basin exports. There was Turkmenistan's decision earlier this year to build a \$2.1

billion, 1,200-mile (2,000 km) pipeline to transport its gas to Turkey via the Caspian Sea, Azerbaijan and Georgia. At talks in Ashgabat on 27 April 1999, Turkmenistan's President Niyazov and PSG, the U.S. company that plans to build a gas pipeline across the Caspian, agreed to speed up work on the project. They discussed the preliminary financial plan and the organization of the multi-company consortium that PSG will head.

The U.S. Department of Energy puts Caspian proven oil reserves at up to 32 billion barrels, exceeding those of the U.S. or the North Sea. It said possible reserves were nearly five times this amount. International firms expressing faith in that potential have signed multibillion-dollar exploration deals. Three U.S. firms recently signed \$10 billion of agreements with the Azerbaijan government. U.S. firms could also be looking at stakes of up to \$2.1 billion in the Transcaspian natural gas pipeline from Turkmenistan to Turkey and between \$400 million and \$2 billion in the main export oil pipeline from Baku to the Turkish port of Ceyhan. Other projects included over \$2 billion in the power sector, nearly \$1 billion in transportation. There were also related opportunities in the telecommunications, agriculture, tourism, utilities, environment and health sectors.

### **2.3. Transit Transport Problems: International and Regional Cooperation.**

After independence, all five republics faced a new geopolitical and economic situation, finding themselves among land-locked countries of the world with no direct access to a seaport. Kazakhstan became one of the largest land-locked countries in the world among 29 developing and 13 developed states. Uzbekistan (except Liechtenstein) is now the only country even among this group of states, which is double-landlocked, i.e., it is not only itself land-locked, but surrounded with all countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Afghanistan), which also has no direct access to a seaport.

Moreover, because of their routes, as fragments of the FSU, which was mainly a closed country with limited trade relations and transport links connected with outside world, the only available transport roads for foreign trade with other countries for the Central Asia were located in Russia. Under such circumstances, when transit rules and regulations,

transportation charges were completely beyond the control of Central Asian republics, and no other viable and efficient alternative route was available, they could become completely dependent on the neighboring state, as for their foreign trade and economic development. For example, huge increase of the transit tariffs through CIS countries have been offsetting to major extent the benefits of Central Asians trade with foreign partners.

At the same time, the five states to large extent all serve as transit countries for each other. There were no barriers at all between them before independence. And it was necessary from the beginning to avoid customs and other barriers to free movement of transit and transport traffic among them. However, some problems have already arisen and it is necessary to find appropriate cooperative arrangements to deal with them properly. Thus, the problem of joint search of alternative transit transport routes has become among top one in the regional development agenda.

A positive prospect could also be considered. Alternative route from East Asia to Western Europe due to new rail linkages built within recent years (between China and Kazakhstan, 1992 and Turkmenistan and Iran, 1996) crosses now Central Asian region, opening real chances for rebirth of famous Silk Road trade and cultural exchange traditions. It is vitally significant to use available and new alternative transit corridors to the West, East, and South. Costs and benefits of establishing and using respective transit routes need to be taken into account.

There are seven different but representative traditional routes through the Russian Federation, to ports or to rail transfer points at the edge of the CIS area, and four alternative existing or prospective rail routes through other neighboring countries: (a) via the trans-Caspian ferry through Azerbaijan to the port of Poti, Georgia, on the Black Sea; (b) via the new rail to a port in China; (c) via new route via Iran to the port of Istanbul, Turkey; and (d) via the new route through Iran to the port of Bandar Abbas.

It is obvious, that no growth of Central Asia's trade is possible without proper transit transportation alternatives. In selecting these corridors and routes following basic principles and needs should be taken into account (the balance of short-and long-term requirements; cost

and benefit of establishing and using respective transit routes; access for each land-locked country to more than one corridor or route).

Given the present prevailing direction towards Western Europe, today or in the short - and medium -term, the priority to the development of the Western direction could be justified. In this connection the most direct and cost-effective alternative routes is the one, which passed through trans-Caspian Caucasian states. It is the shortest one and could be put into operation on the basis of existing within FSU transport regulations, technical standards and administrative practices. (The costs of freight from Tashkent to the Black Sea could be reduced by 30-35% compared with traditional route). A new ferry line linking Georgian port Poti with to the Ukrainian port Illichevsk and the Bulgarian port of Varna, which can carry 108 railway cars and transport any kind of goods, was opened on the 17th April 1999. Now Central Asians can export to Europe via Bulgaria and the Danube. The European Union had allocated 15 mln. euros for the project to develop the transport corridor connecting Europe with Asia via the Caucasus.

Efficient road and rail transit-transport link all the way from Almaty (Kazakhstan) to Istanbul (Turkey) could also be considered as a significant one.

Search for comparative advantage today and even more in the long run will obviously lead Central Asia to increase substantially links with East Asia, the new and fast growing center of the world trade. In this respect a railway extension linking Kazakhstan to China, and land bridge (both road and rail) project Andijon (Uzbekistan) - Osh (Kyrgyzstan) - Kashgar (China), are important. The latter projects in addition, with other countries, opening alternative route to the port of Karachi with access to Indian Ocean and sea connections with potential trade partners in Asia Pacific Region.

So, for the Central Asian republics, the most remote and isolated land-locked countries with long transport distances and tangible costs, to achieve fast, reliable and inexpensive alternative transit transport routes is vitally important. A new alternative links with Western Europe and East Asia are opening the new prospects for its trade in the short- and long-term with the largest trading countries in Eurasian Continent. The time required for sending goods from Lianyungang in China to Istanbul in Turkey is reduced by 25-30 per cent

compared with the sea route through the Suez Canal and Mediterranean Sea. When the land bridge between East and West, North and South through Central Asia become more operational and efficient, it will help to restore the importance of the region's Silk Road traditions as main transit points along this route. And this could be achieved only through elaboration and implementation of more comprehensive regional and international cooperation promoting reduced transport costs and mutually beneficial trade.

## Conclusions

Assessing the current regional development in the post-Soviet Central Asian states (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan) as well as their respective comparative advantage and trade structure within and outside CIS, it is important to observe following.

1. For all Central Asian countries trade within former FSU, especially in the CIS, particularly with Russia (Ukraine) remains still important. However, the share of traditional partners has been diminishing and creation of the CIS has not been able to reverse this trend and proved itself so far as inefficient. Re-integration, restoration of trading and technological ties on the old basis is not feasible, transformation of economic relations on the basis of market principles could be mutually advantageous and more realistic. It is the most probable that stabilization of the share of trade with traditional partner countries, even for Kazakhstan will be achieved at lower level.

2. The diversification of trading partners since independence has involved the most rapid increase of trade of the Central Asian republics (especially Uzbekistan) with countries outside the CIS. The trade with outside the CIS has been facilitating to overcome the consequences of the old distribution of trade and overall decline of production after disruption of the FSU. However, in my opinion, it is not temporarily phenomena. Foreign investment in all Central Asian republic, especially in mining, will promote further increase of trade, particularly export, to industrial countries. Building of alternative oil and gas pipelines could change drastically



the share of these countries in the trade of Kazakhstan and Turkmenistan, to certain extent Uzbekistan as well.

3. The trade within the Central Asian region has been also increasing showing the existing potential areas of mutual interest and possibility for regional cooperation and integration. Trade within Central Asian Union became important, particularly for Kyrgyzstan and Tajikistan. Uzbekistan has been increasingly directing its exports to this group of neighboring countries. Kazakhstan is still has the smallest share of trade with other Central Asian republic, but its role as a trading partner for other neighboring Central Asian states has been also growing. Promotion of regional trade could cut unnecessary and expensive transportation costs, facilitate better use of comparative advantages with lesser dependence on import substitution policies (e.g., grain, meat, sugar to start with).

4. The increase of the role of mutual trade in the region has not been facilitated properly by a certain level of efficient regional cooperation within CAU and ECO or CASCO. The establishment of these institutions has neither supported sufficiently the distribution of resources in the regional scale nor set up solid basis for fruitful economic cooperation yet. However, the existing regional agreements, as well as new ones (e.g., GUUAM), with proper policies each has its own segment for the promotion of trade with Central Asia.

5. While a definite shift towards trade outside the CIS had emerged, traditional routes to the North still continued to serve large volume of Central Asian external trade. Even possible certain restoration of some rational trade links with Russia and other countries of CIS, as well as regional cooperation could not underscore the importance of fast growing trade links with countries of outside CIS. Therefore, development of the alternative transportation routes connecting Central Asia with East and West and South has been important both for regional and international trade.

Today, a resource-rich Central Asia offers better trade and investment opportunities than at the beginning of 1990-s. But according to our calculations, its share in the total trade of CIS countries is still about 10%, and only 0.2% in the world trade.

There is a number of other impediments as well to overcome. So far little of Central Asian exports to the rest of the world were flowed through non-state trading organizations. The governments retained a significant but declining role for the state in the control of key commodity exports. At the same time, according to the World Bank's studies, all over CIS, with a few exception, export controls have been connected with non-transparent methods, ad hoc special privileges, which discouraged both traditional exports and the emergence of new exportables. Substantial capital flight through under invoicing of exports and over invoicing of imports, "Illegal exports" of raw materials and oil, had become widely spread phenomena. Mentality leading to export restraints to keep goods at home was also connected with overtaxing of tradeable sector.

To address these problems and make more use of the new opportunities to integrate into global market the Central Asian states are expected to:

(i)- diminish direct state interventions into trading , promote entry of private firms and encourage enterprise-to- enterprise trade; (ii)-improve the infrastructures in support of foreign trade and investments, especially domestic and international payment system; (iii) - increase intergovernmental cooperation to deal more efficiently with trade, payment and investment problems; (iv)-liberalize exchange rate policy and other restraints preventing to promote trade and investments.

On the other hand, the newly independent countries of Central Asia need more policy advice to strengthen their institutional capacity from multi- and bi-lateral technical assistance rendering organizations. As well as certain improvement of access for exports from these countries to the markets of their major trading and investment partners.

Effective state guidance within industrial and export promotion policies needs to be more well-targeted at specific markets to facilitate trade within Central Asia, the CIS, other regional an interregional groupings. The problem is not to promote one direction at the expense of other possibilities, but to make maximum use of all available opportunities to encourage trade, avoiding possible negative effects of extra globalization or too much dependence on traditional markets. Optimal combination of different directions of trade

tailored according to specific circumstances of each country -Kazakhstan or Uzbekistan, Turkmenistan, Kyrgyzstan or Tajikistan - will serve the best for its development needs.

Thus, in my opinion, the main trend is diversification with specific combination of traditional, regional and global markets' shares in each country. The prospects for using the new and existing opportunities will depend both on progress of reforms towards systemic transformation through transition to market based economy in Central Asia and on the external situation (e.g., finding proper solution to the financial crisis of 1997 and 1998 in some East Asian countries and in Russia, accession to WTO, prices for main exports and etc.).

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**APPENDIX:****Table A. Share of the Top Ten Countries Trading with Central Asian States, 1996 (%)****Kazakhstan**

Countries	Export	Countries	Import
1. Russia	44.5	1. Russia	55.0
2. China	7.4	2. Germany	4.6
3. Netherlands	5.2	3. Turkmenistan	4.1
4. U.K.	3.7	4. Turkey	3.6
5. Ukraine	3.4	5. Belarus	2.8
6. Switzerland	3.4	6. Ukraine	2.2
7. Uzbekistan	3.3	7. Kyrgyzstan	2.1
8. Italy	3.2	8. Uzbekistan	2.1
9. Germany	2.9	9. South Korea	2.1
10. South Korea	2.9	10. U.K.	1.8

**Kyrgyzstan**

Countries	Export	Countries	Import
1. Russia	26.6	1. Russia	20.8
2. Uzbekistan	22.9	2. Kazakhstan	16.7
3. Kazakhstan	22.3	3. Uzbekistan	15.7
4. China	7.2	4. Turkey	5.7
5. U.S.A.	3.5	5. Canada	5.1
6. Ukraine	1.9	6. U.S.A.	4.3
7. Tajikistan	1.6	7. Brazil	3.9
8. Czechia	1.6	8. Germany	3.6
9. Afganistan	1.3	9. Cuba	2.6
10. Iran	1.2	10. France	2.3

### Tajikistan

Rank / Countries	Export	Rank / Countries	Import
1. Netherlands	28.3	1. Uzbekistan	29.8
2. Uzbekistan	24.8	2. U.K.	11.7
3. Switzerland	10.7	3. Russia	11.1
4. Russia	10.2	4. Liechtenstein	8.3
5. South Korea	3.2	5. Kazakhstan	7.8
6. Kazakhstan	3.2	6. Switzerland	6.7
7. U.K.	2.0	7. Turkmenistan	3.9
8. U.S.A.	1.4	8. Ukraine	2.9
9. Ukraine	1.4	9. Iran	1.6
10. Kyrgyzstan	1.4	10. Germany	1.4

### Turkmenistan

Countries	Export	Countries	Import
1. Ukraine	41.4	1. U.S.A.	30.1
2. Kazakhstan	10.6	2. Russia	11.8
3. Russia	8.5	3. Ukraine	9.7
4. Switzerland	6.5	4. Turkey	9.2
5. Hong Kong	6.1	5. Cyprus	4.5
6. Armenia	5.1	6. Germany	3.9
7. Turkey	4.7	7. France	3.8
8. U.S.A.	2.6	8. Iran	3.4
9. U.K.	2.4	9. Azerbaijan	2.7
10. U.A.E.	1.2	10. Hong Kong	2.0

Uzbekistan

Countries	Export	Countries	Import
1. Russia	11.6	1. Russia	18.8
2. U.K.	8.2	2. Germany	11.8
3. Switzerland	7.3	3. U.S.A.	9.7
4. U.S.A.	6.3	4. Turkey	7.6
5. South Korea	6.0	5. South Korea	6.9
6. Tajikistan	3.5	6. Switzerland	3.9
7. Netherlands	3.0	7. U.A.E.	3.5
8. China	2.8	8. Kazakhstan	3.5
9. Italy	2.4	9. Tajikistan	3.3
10. Kyrgyzstan	2.3	10. Ukraine	3.0

Source: *Sodrujestvo Nezavisimyykh Gosudarstv (SNG) v 1996 godu*, Statisticheskii  
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